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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
GRAHAM COUNTY ELECTRIC
COOPERATIVE, INC. FOR APPROVAL OF THE
2016 REST IMPLIMENTATION PLAN, RES
TARIFF, AND NET METERING TARIFF

DOCKET NO. E-01749A-15-0375

APPLICATION

Graham County Electric Cooperative, Inc. ("GCEC") hereby submits the 2016 REST Implementation Plan, RES Tariff, and Net Metering Tariff for Arizona Corporation Commission approval.

I. Background.

GCEC is an Arizona nonprofit corporation certified to provide electricity as a public service corporation in the State of Arizona.

GCEC now files its 2016 REST plan (attached). The REST Rules (A.A.C. R14-2-1814) allow Cooperatives to file "an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Resources for the next calendar year."

GCEC proposed REST plan includes changes to how the budget is allocated among the different categories including more funding for the PV for Government, Schools, and Non-Profit program and updates to the Net Metering Tariff. The proposed Net Metering Tariff includes a reduction in the avoided cost rate from \$0.02906 to \$0.02410 based on the 2014 calendar year. The current level of incentives and RES Tariff rates have no proposed changes.

II. History

The following table summarizes the history of the incentive program for GCEC and the proposed 2016 plan:

Program item	2009	2010-2012	2013	2014	2015	2016 Proposed
Up Front Incentive (UFI)						
UFI Per Watt	\$ 4.00	\$ 3.00	\$1.00	\$0.35	\$0.15	\$0.15
Maximum Incentive	n/a	n/a	n/a	\$3,500.00	\$1,500.00	\$1,500.00
Maximum UFI percentage based on the total cost	50%	40%	30%	n/a	n/a	n/a
Solar Water Heating						
Per kWh Rebate based on first year kWh output (per OG-300)	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75

III. Conclusion

GCEC respectfully requests the Commission issue an Order:

- 1) Approving GCEC's 2016 REST plan
- 2) Approving GCEC's RES Tariff
- 3) Approving GCEC's Net Metering Tariff
- 4) Approving the program to be effective on the 1st day of the month after signing the final order.

RESPECTFULLY SUBMITTED this 3rd day of November 2015

Graham County Electric Cooperative, Inc.

By Than W Ashby
Than W. Ashby
Office Manager
Graham County Electric Cooperative, Inc.
9 W. Center St.
PO Drawer B
Pima AZ 85543

Original and thirteen (13) copies filed this 3rd day of November, 2015 with:

Docket Control
Arizona Corporation Commission
1200 W. Washington,
Phoenix, AZ 85007

Graham County Electric Cooperative, Inc.

REST Plan for Calendar Year 2016

A.A.C. R14-2-1814

November 3, 2015

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I. BACKGROUND

Graham County Electric Cooperative, Inc. ("GCEC") is a rural electric distribution cooperative headquartered in Pima, Arizona and an all-requirements member of Arizona Electric Power Cooperative, Inc. ("AEPCO"). GCEC provides electric service to approximately 9,235 active meters in Graham County as of December 31, 2014.

GCEC filed its first individual Renewable Energy Standard and Tariff ("REST") plan in 2010 for the 2011 calendar year. Prior to the 2011 plan, GCEC participated in a joint renewable energy plan filed by AEPCO on behalf of certain of its Arizona member distribution cooperatives.

The Commission approved the Renewable Energy Standard and Tariff Rules ("REST Rules") in Decision No. 69127. The REST Rules took effect August 14, 2007.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814.B instructs the cooperatives to file by July 1 "an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Energy Resources for the next calendar year." Upon Commission approval, the provisions of the plan substitute for the requirements of R14-2-1804 and R14-2-1805 for the cooperative which proposes the plan.

Pursuant to these requirements, GCEC submits this REST Plan for calendar year 2016 (the "2016 REST Plan").

II. GCEC 2016 REST PLAN

GCEC uses primarily surcharge dollars to fund renewable programs. The 2016 REST Plan includes incentive support for distributed residential and commercial photovoltaic, solar water heating, wind generation and other renewable technologies. Funds are also used to pay for the administration, advertising and promotion of SunWatts programs.

The 2016 REST Plan continues rebate support for all technologies that were approved as part of the 2015 REST Plan filed by GCEC and approved in Decision No. 74874 dated December

22, 2014. GCEC proposes to keep the same RES tariff rates and Up-Front Incentives (“UFI”) that were approved in the 2015 REST Plan. GCEC requests approval to allocate more funds to the PV for Government, Schools, and Nonprofits Program as detailed below. There are three SunWatts programs that make up the GCEC 2016 REST Plan:

- (1) The SunWatts Rebate Program;
- (2) The Large-Scale Purchase Power Contract & Generating Program; and
- (3) The PV for Government, Schools and Nonprofits Program.

Each of these programs is discussed in greater detail below.

(1) SunWatts Rebate Program: The rebate program pays customers rebates to encourage the installation of qualifying photovoltaic (“PV”), solar water heating, small wind systems and other renewable technologies.

The rebate program will pay Up Front Incentives (“UFI”) to members interested in installing qualifying PV, small wind, solar water heating and solar daylighting systems. Subject to available budget funds, GCEC will pay a UFI of \$0.15 per installed watt for solar and wind systems. Solar water heating and solar daylighting systems will be supported with UFIs as outlined in Appendix 1. Projects receiving a UFI are limited to a maximum incentive of \$1,500. GCEC will own all the renewable energy credits (“RECs”) from a project receiving a UFI for its operational life.

As approved in the 2015 REST Plan, GCEC will only accept the customer owned system model and not the leased system model for the UFI. GCEC will also continue support for the Willcox Greenhouse (“WGH”) geothermal project which is a 10-year agreement to purchase renewable energy credits (“REC’s”) approved in 2010.

Subject to the foregoing, distributed generation projects will be rebated on a first-come, first-served basis until funding is exhausted. Projects must be approved before construction and

funds must also be available before the systems are approved. Eligible customers may be placed on a waiting list until additional funding is available. When funding is available and the project is approved for construction, rebates will be paid to the customer following a final inspection of the system. System installations are required to be performed by a licensed renewable energy contractor or electrician. In the case of solar water heaters, a licensed plumber can be used. If local conditions dictate, GCEC may allow self-installations as long as the customer has the installation inspected and verified by a licensed contractor. Incentives for all supported technologies are found in Appendix 1.

GCEC expects the rebate program and the Willcox Greenhouse will support the installation of approximately 318 kW of new qualifying renewable technologies in 2016.

(2) The SunWatts Large-Scale Purchase Power Contract and Generating Program:

The SunWatts large-scale program calls for GCEC, on its own or in partnership with others, to participate and assist in the development of large-scale renewable resources, either through purchase power agreements or by construction of utility-owned resources. Current plans do not include a large-scale purchase power project however GCEC will continue to review potential partnerships with its all requirement power provider AEPCO to install large-scale purchase power generation. GCEC requests authority from the Commission to transfer unused funds between programs in the event GCEC is able to contract large-scale solar. The GCEC's utility-owned PV system previously approved in Decision No. 73631 dated January 31, 2013 and Decision No. 74160 dated October 25, 2013 and Decision No. 74874 dated December 22, 2014 have been fully implemented.

(3) PV for Government, Schools and Nonprofits Program: GCEC will encourage installation of renewable energy systems on government, school and nonprofit buildings within its service territory by offering a UFI to third-party developers or those with access to stimulus

funding interested in installing renewable systems on such structures. The objective of this program is to use GCEC funding and leverage it to provide greater benefits to such entities. The amount of the UFI will be negotiated with the entity requesting funds from this project based on the cost of the proposed system and the available funding.

GCEC is also participating in and will contribute funding to support the Commission's "Go Solar Arizona" website initiative.

III. ADMINISTRATION OF THE SUNWATTS PROGRAM

Annual Reporting and Plan Development: By April 1, 2017, GCEC will file a report describing results achieved under this 2016 REST Plan. On or before July 1 of each year, GCEC will file an updated plan as required by R14-2-1814.B.

Advertising and Promotion: SunWatts programs are promoted in a variety of media, for example: bill inserts and ads/stories in monthly newsletters; counter cards and posters; and participation at local events, such as the GCEC annual meeting and county fairs. Additionally, a SunWatts promotional presence outlining GCEC programs is maintained on our website at www.gce.coop and the Commission's solar website at www.arizonagoessolar.org.

Rebate Program Process and Procedures

Projects eligible to receive a UFI incentive are handled based on procedures similar to the following. First, the member submits an enrollment form to GCEC indicating interest in the program. The enrollment form is evaluated to determine project eligibility and form completeness. If the enrollment form is not sufficient or the project is not eligible, the member is notified of project status. If the project qualifies, GCEC determines funding availability. If funds are available, the member is notified of project acceptance and that the project must be ready for inspection within 120 days of the application date. If the 120 days expires prior to inspection, the

member must resubmit the project (an extension may be granted for good cause on a case-by-case basis). If no funding is available, the project is put on a waiting list and the member is notified as to that status. All projects on a waiting list will be funded in the order received as additional funding becomes available. Once GCEC accepts a project, the member must complete an interconnection agreement, submit a system schematic and provide copies of the project estimate and all permits within 30 days. Once the system is installed, the member informs GCEC of that fact. The system is inspected and the interconnection is verified. Once the system passes the inspection, GCEC processes the incentive.

Members can, at their own risk and discretion, assign their utility incentive to the contractor installing their system by contacting the Cooperative in advance of the installation and making the necessary arrangements.

IV. ESTIMATED RESULTS/BUDGET/TARIFFS

Estimated Results

Based on the programs proposed and projects currently in place, as well as the assumptions stated in this 2016 REST Plan, GCEC anticipates a full year's operation would generate approximately 2,630 MWh of distributed renewable energy.

Budget

The budget for this 2016 REST Plan is provided in Appendix 2. The total GCEC program budget for 2016 is \$236,000. Of this, \$207,400 or 88% of the budget is allocated to support DG program activities. However, GCEC requests authority to move budgeted funds from program areas where funding is unspent to other program areas as needed. GCEC estimates that it will rollover approximately \$139,776 from the 2015 budget to 2016. With the rollover balance

included, the total budget for 2016 would be \$347,176. GCEC plans to use the rollover amount to fund additional projects in the PV for Government, Schools, & Non-Profits category.

Tariffs

No adjustment to the current GCEC surcharge tariff is needed to fund this 2016 REST Plan.

APPENDIX 1

REBATE PROGRAM INCENTIVE MATRIX

Technology	UFI	PBI
Solar Electric	\$0.15 per watt <i>Cannot exceed \$1,500 per rebate</i>	Not Eligible
Small Wind	\$0.15 per watt <i>Cannot exceed \$1,500 per rebate</i>	Not Eligible
Solar Water Heating	\$.75 per kWh for first year savings	Not Eligible
Solar Daylighting	\$.18 per kWh for first year savings	Not Eligible

APPENDIX 2

Proposed GCEC 2016 REST Budget

	2016
Estimated Collected REST Funds	\$236,000
Rebate Program	(\$26,400)
Residential DG	(\$15,000)
Commercial DG	(\$11,400)
L-S Purchase Power & Generation Program	(\$0)
PV for Government, Schools, & Non-Profits	(\$181,000)
Advertising	(\$5,000)
Administration	(\$23,600)
Estimated Rollover from 2015 REST Plan	\$139,776
PV for Government, Schools, & Non-Profits	(\$139,776)

IMPLEMENTATION PLAN

Table 1 - Targeted Resources

Line No.	Targeted Generation Resources:	Ownership ¹	Targeted Completion	2005-2016 Total MW	Targeted Energy Production (MWh or Equivalent)				
					2016	2017	2018	2019	2020
1	Solar:								
2									
3									
4									
5									
6	Wind:								
7									
8									
9	Geothermal:								
10									
11									
12									
13	Biomass/Biogas:								
14									
15									
16									
17									
18	Total Targeted Generation								
19	Targeted Distributed Energy Resources:								
20	Residential / Commercial:	Customer	2016	0.100	219				
21									
22									
23									
24	Subtotal Residential / Commercial			0.100	219				
25	Non-Residential:	Customer	2016	0.218	478				
26		Customer	2016	0.052	115				
27									
28									
29									
30									
31									
32	Subtotal Non-Residential			0.270	592				
33									
34	Total Targeted DE			0.370	811				

Notes:

¹All utility-owned and Third Party generation projects are developed through a competitive RFP process, and all DE systems are built independently by Third Party developers and installers.

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY STANDARD TARIFF

Effective Date:

Background

On November 14, 2006 the Arizona Corporation Commission ("Commission") issued Decision No. 69127 that contained a Renewable Energy Standard ("RES") that set forth annual renewable energy requirements for all affected electric utilities in the State of Arizona as well as a requirement that each affected electric utility file with the ACC for approval a RES Tariff to fund such renewable energy requirements.

Availability

In the Cooperative's Certificated Area where its facilities are of adequate capacity and the required phase and suitable voltage are in existence and are adjacent to the premises served.

Application

On all bills for all governmental and agricultural members/customers with multiple meters, a Renewable Energy Standard ("RES") Surcharge mandated by the Arizona Corporation Commission ("Commission") will be assessed monthly at the lesser of per kilowatt-hour of retail electricity purchased by the consumer, or the maximum stated below:

Monthly Rate

Customer		kWh	Maximum
Governmental and Agricultural		\$.001663	\$24.70
Government and Agricultural metered demand is 3,000 kW or more for 3 consecutive months		\$.001663	\$74.10

On all bills in all other tariff service categories than those listed above, an RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of the per kilowatt-hour of retail electricity purchased by the consumer, or the maximum stated below:

Residential		\$.000900	\$2.00
Non-Residential		\$.009477	\$74.10
Non-Residential metered demand is 3,000 kW or more for 3 consecutive months		\$.009477	\$222.30

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY STANDARD TARIFF

Effective Date:

In the case of unmetered services, Graham County Electric Cooperative, Inc. ("Cooperative") shall, for purposes of billing the RES Surcharge and subject to the maximum assessment set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.

**NET METERING TARIFF
SCHEDULE NM**

Effective Date: _____

Availability

Net Metering service is available to all customers of the Cooperative with a qualifying Net Metering Facility. Participation under this schedule is subject to availability of enhanced metering and billing system upgrades. The electric energy generated by or on behalf of the member from a qualifying Net Metering Facility and delivered to the Cooperative's distribution facilities may be used to offset electric energy provided by the Cooperative during the applicable billing period.

Net Metering Facility means a facility for the production of electricity that:

- a. Is operated by or on behalf of the customer and is located on the customer's premises;
- b. Is intended to provide part or all of the customer's requirements for electricity;
- c. Uses Renewable Resources, a Fuel Cell or combined heat and power (CHP) (as defined below);
- d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
- e. Is interconnected with and can operate in parallel in phase with the Cooperative's existing distribution system.

Service under this tariff is available provided the rated capacity of the customer's Net Metering Facility does not exceed the Cooperative's service capacity. The customer shall comply with all of the Cooperative's interconnection standards. The customer is also required to sign and complete the Net Metering Application prior to being provided Net Metering Service. This service is also referred to as Partial Requirements Service.

Net Metering Facilities with generation capacity that exceeds 100 kilowatts, which are interconnected presently, or desire to become interconnected with a Member, may, at Arizona Electric Power Cooperative's option, be subject to the negotiated terms and conditions set forth in multilateral contracts among the customer, Arizona Electric Power Cooperative, Southwest Transmission Cooperative and the Cooperative.

Metering

Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in a billing period.

Monthly Billing

If the kWh supplied by the cooperative exceeds the kWh that are generated by the customer's Net Metering Facility and delivered back to the cooperative during the billing period, the customer shall be billed for the net kWh supplied by the Cooperative in accordance with the rates and charges under the customer's standard rate schedule.

NET METERING TARIFF SCHEDULE NM

If the electricity generated by the customer's Net Metering Facility and delivered back to the cooperative exceeds the electric kWh energy supplied by the Cooperative in the billing period, the customer shall be credited during subsequent billing periods for the excess kWh generated. The cooperative shall apply the credit by using the excess kWh generated during the billing period to reduce the kWh supplied (not kW or kVA demand or customer charges) and billed by the Cooperative during the subsequent billing periods.

Customers taking service under time-of-use rates who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit during the following billing periods during the on- or off- peak periods corresponding to the on- or off- peak periods in which the kWh were generated by the Customer.

Once each Calendar Year, for the customer bills produced in January (December usage) or in the last billing period that the customer discontinues service under this tariff, the Cooperative shall issue a check or billing credit to customers with Net Metering Facilities for the balance of any credit due in excess of amounts owed by the customer to the Cooperative for Non-Firm Power. The payment for any remaining credits shall be at the Cooperative's Annual Average Avoided Cost of \$0.02410 per kWh. Any payment for Firm Power will be pursuant to a separate contract.

Definitions

1. Annual Average Avoided Cost is defined as the average annual wholesale fuel and energy costs per kWh charged by the Cooperative's wholesale power supplier(s) during the calendar year.
2. Calendar Year: The Calendar Year is defined as January 1 through December 31, for the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative.
3. Renewable Resource means natural resources that can be replenished by natural processes, including biomass, biogas, geothermal, hydroelectric, solar or wind.
4. Combined Heat and Power or CHP (also known as cogeneration) means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus on-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
5. Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.
6. Partial Requirements Services- Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.

**NET METERING TARIFF
SCHEDULE NM**

7. Non-Firm Power- Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
8. Firm Power- Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
9. Standard Rate Schedule- Any of the Company's retail rate schedules with metered kWh charges.
10. Time Periods- Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.